



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 07/19/05
AGENDA ITEM 5a
WORK SESSION ITEM _____

TO: Redevelopment Agency Board Members
FROM: Director of Community and Economic Development
SUBJECT: Replacement Housing Plan for Implementation of Cannery Plan

RECOMMENDATION:

It is recommended that the Agency Board adopt the attached resolution approving the Replacement Housing Plan.

BACKGROUND:

In April 2005 the Agency approved the acquisition of the final two residential properties needed for the new Burbank school. All occupants have been relocated from the site, and the Agency Board is scheduled to consider approval of a contract for the deconstruction of the structures. The site contains eight legal dwelling units. Of the eight units, seven were occupied, and of these, three were occupied by low to moderate-income households. In addition, the Agency has previously acquired a house on Myrtle Street that is designated to be used for open space and possibly for roadway under the Cannery Area Design Plan. Prior to the Agency's acquisition that house had been occupied by a moderate-income tenant household. In summary, the Agency has acquired nine housing units in the Cannery Area, and four of these units were two bedroom units occupied by moderate-income households prior to acquisition.

In order to deconstruct the acquired residential units, California Redevelopment Law requires that the Agency adopt a Replacement Housing Plan ("Plan") for the low and moderate-income housing units to be removed. The Agency is required to replace all units occupied by low to moderate-income households that are removed as a result of a redevelopment project within a four year period. All of the replacement units must be available at affordable housing cost to, and occupied by, persons in the same or a lower income category as the persons displaced from the units to be removed. In addition, the replacement units must be of equal or greater size in terms of bedroom count. The Plan may also state that the Agency has met its replacement-housing requirement as a result of providing assistance in developing specific affordable housing developments.

Over the past 14 years the City and the Redevelopment Agency have used the Low and Moderate Income Housing Fund to assist with the development of approximately 122 new affordable housing units. Projects funded by the Low and Moderate Income Housing Fund include the E.C. Magnolia Court development on Watkins Street, the Glen Eden Apartments on A Street, and the Glen Berry Apartments on Berry Avenue. Recently, the Renaissance Walk Condominiums on Watkins Street were completed and 22 of these units have been sold to moderate-income households. In addition, the 57 unit Sara Conner Court apartment development on Mission Boulevard is now under construction, and all of those housing units will be available to low-income households. The investment in these units can be taken into account when analyzing future replacement housing obligations. As a result, the Agency has already met its responsibility for replacement housing with regards to this project. The Agency has other affordable housing production obligations in addition to its replacement-housing requirement. These additional responsibilities will be considered in conjunction with the proposed new development for the Cannery Area.

Prepared by:



Maret Bartlett, Redevelopment Director

Recommended by:



Sylvia Ehrenthal, Director of Community and
Economic Development

Approved by:



Jesús Armas, Executive Director

Attachments: "A" Replacement Housing Plan
Resolution

Attachment "A"

REPLACEMENT HOUSING PLAN FOR HAYWARD CANNERY AREA

INTRODUCTION

Legal Requirements

In 1998, the Burbank-Cannery Sub-area was added to the Downtown Hayward Redevelopment Project by an adopted amendment to the Redevelopment Plan. One of the goals of the first Five Year Implementation Plan for this area was to develop re-use strategies and plans for industrial sites. Subsequently, the Hunt-Wesson Cannery closed its facility. As a consequence of the Cannery closure and in keeping with its goals for the area, the City of Hayward adopted the Cannery Area Design Plan in 2001. The Cannery Area Plan calls for the redevelopment of the area as a new neighborhood with a mix of higher density, transit-oriented housing and new, expanded public facilities. In order to achieve these goals, the Hayward Redevelopment Agency ("Agency") has been working with the Hayward Unified School District (HUSD) and with the Hayward Area Recreation District (HARD) to build a new, larger school to replace Burbank Elementary School, and to expand and connect Cannery Park to the school. The proposed new school is to be located adjacent to the existing school in the area bound by C Street, Burbank Street, Filbert, and B Street.

The new school site includes land which is currently within the existing Burbank School site, as well as a portion of Burbank Street and a block of seven residential properties on the south side of C Street, extending from the former Cannery gates to Filbert Street. The Agency has acquired these seven properties over the past three years and recently relocated the remaining occupants. There were eight dwelling units on the property, and of these, seven were occupied at the time of acquisition.

In addition to the properties acquired for the new school site, the Agency purchased a residential property located at 24083 Myrtle Street, in the Cannery Area, for the purpose of building a new connecting road (Martin Luther King, Jr. Way) and providing open space at the southern end of the Cannery Area. The house had been occupied by a tenant immediately prior to the Agency purchasing it, and the Agency provided relocation benefits to the household; therefore, the house is being considered as occupied at the time the Agency bought it.

Pursuant to the California Community Redevelopment Law (the "Redevelopment Law"), Health and Safety Code Section 33413, when residential units housing persons of low or moderate-income are removed from the housing market or are destroyed as part of a redevelopment project, the Agency is required to rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed, an equal number of replacement housing units within a period of four years. Section 33413(a) requires that one hundred percent (100%) of these replacement dwellings shall be available for sale or rent at a cost affordable to households of the same or lower income category as those households

Attachment "A"

displaced from the destroyed or removed units. This Plan addresses the replacement housing requirements for the proposed project.

Existing Housing Units on the Proposed Site

Of the total eight formerly-occupied dwelling units that are the subject of this Replacement Housing Plan, six are single family homes and two units are cottages configured in a courtyard arrangement on one property. Of the eight units, three housed renters and five units were occupied by owners. Three units were occupied by households with income at 100% or more of the area median income, and one housed tenants with income at 90% of the median income. The remaining four units were occupied by owners at greater than 120% of the area median income level. This information was derived from the Relocation files developed by the Agency's Relocation Advisor.

DESCRIPTION OF AND LOCATION OF REPLACEMENT HOUSING

Legal Requirements

In accordance with Section 33413.5 of the Health and Safe Code, the Plan must be adopted not less than 30 days prior to execution of an agreement for the disposition and development of the property and must include the following:

- (1) The general location of housing to be rehabilitated, developed, or constructed pursuant to Section 33413 of Redevelopment Law;
- (2) An adequate means of financing such rehabilitation, development, or construction;
- (3) A finding that the replacement housing does not require the approval of voters pursuant to Article XXXIV of the California Constitution, or that such approval has been obtained;
- (4) The number of dwelling units housing persons and families of low to moderate-income planned for construction or rehabilitation; and
- (5) The timetable for meeting the Plan's relocation, rehabilitation, and replacement housing objectives.

The Development Site

As previously noted, eight occupied dwelling units in total were removed from the proposed development site. The mix of sizes, income levels, and unit types are as follows:

- 1 One-Bedroom Unit
occupied by a moderate-income household

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- 4 Two-Bedroom Units
3 occupied by moderate-income households
1 occupied by an above-moderate income household
- 3 Three-Bedroom Units
3 occupied by above-moderate income households

This Replacement Housing Plan addresses the requirement to replace the four units that were occupied by moderate-income households. In accordance with the Redevelopment Law, all replacement housings units will have an equal or greater number of bedrooms as those removed.

Renaissance Walk Condominiums

In order to mitigate the removal of this housing stock, the following activities have been undertaken. Prior to the removal of any housing stock affordable to moderate-income households, the Agency assembled land using funds from the Low and Moderate Income Housing Fund and "wrote down" the cost of that land to The Olson Company, a private for-profit housing developer, to build 46 units, of which 22 are designated as affordable for moderate-income homeowners, called Renaissance Walk on Watkins at C Street in Hayward. The development was recently completed and is sold out. All of the affordable units are two-bedroom units, and are restricted to eligible moderate-income households at affordable prices by the terms of an Affordable Housing Covenant and Re-sale Deed Restriction which specifies the exact terms of the affordability component for 45 years, which is not less than the period of the land use controls established in the Redevelopment Plan for the geographic area in which the replacement units are located. The Agency expects to monitor the ongoing affordability of these units to Moderate-income households as they are re-sold over the next 45 years.

AFFORDABILITY

Legal Requirements

Health and Safety Code Sections 50052.5 and 50053 define affordable housing of owner-occupied and rental units. Income categories are generally defined as follows: very low-income, up to 50% of area median income; low-income, up to 80% of area median income; and moderate income, up to 120% of area median income, with each category adjusted for household size. In general affordable housing costs are defined as 30% of the gross monthly household income.

Renaissance Walk

At the Renaissance Walk Condominiums all of the four replacement units for the site are affordable at income levels equal to or lower than those units removed from the housing stock and they have an equal or greater number of bedrooms, as follows:

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- 4 two-bedroom units are designated for occupancy and occupied by moderate-income households

ARTICLE XXXIV FINDING

Article XXXIV of the California Constitution provides that no low rent housing project shall be developed, constructed, or acquired in any manner by any state public body until approved by a majority of the qualified voters in the affected city, town, or country. Sections 37001 and 37001.5 of the Health and Safety Code set forth exclusions from the application of Article XXXIV. The provision of replacement housing pursuant to the Plan did not require the approval of the voters pursuant to Article XXXIV of the California Constitution because these units were developed by a private for-profit developer and the development is owned by private individuals. Governmental entities acted only in the capacity of lenders providing financing for the Renaissance Walk Condominiums.

RELOCATION TIMETABLE

The Agency initiated a voluntary acquisition program in the Cannery Area beginning in 2002. The initial four acquisitions were either of vacant property, or were completed prior to the establishment of a project; however, relocation benefits were provided to unit occupants. The Agency accelerated its efforts to acquire properties in fiscal year 2004, and a Relocation Plan was prepared by Real Property Services, in accordance with the provisions of the California Relocation Assistance Act. The relocation of remaining households from the project site was completed in June 2005. All households were relocated in compliance with the Relocation Assistance Act and state relocation regulations.

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA- 05-

Introduced by Agency Member _____

*True
7/14/05*

RESOLUTION APPROVING THE REPLACEMENT HOUSING PLAN FOR IMPLEMENTATION OF THE CANNERY PLAN

WHEREAS, in April 2005 the Agency approved the acquisition of the final two residential properties needed for the new Burbank school; the Agency has acquired a total of nine housing units in the Cannery Area, four of the units were occupied by moderate-income households prior to acquisition; and

WHEREAS, in order to deconstruct the acquired residential units, California Redevelopment Law requires that the Agency adopt a Replacement Housing Plan ("Plan") for the low and moderate-income housing units to be removed; and

WHEREAS, the Agency is required to replace all units occupied by low to moderate-income households that are removed as a result of a redevelopment project within a four year period; all of the units must be at affordable housing cost to and occupied by, persons in the same or a lower income category as the person displaced from the units to be removed; and the replacement units must be of equal or greater size in terms of bedroom count; and

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code, section 33413 et seq.), the Redevelopment Agency of the City of Hayward (the "Agency") has adopted a Replacement Housing Plan (the "Replacement Housing Plan") for the Cannery Area new Burbank school project (the "Project") ; and

NOW, THEREFORE BE IT RESOLVED by the Agency board that it hereby approves and adopts the Replacement Housing Plan for implementation of the Cannery Plan which is attached as Exhibit A to this resolution, prepared in compliance with Health and Safety Code section 33413.5, et seq.

HAYWARD, CALIFORNIA _____, 2005

ADOPTED BY THE FOLLOWING VOTE:

AYES: AGENCY MEMBERS:

CHAIR:

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: _____

Secretary of the Redevelopment Agency
of the City of Hayward

APPROVED AS TO FORM:

General Counsel